

SUBCONTRACTOR PAYROLL TAX LIABILITY INDEMNITY AGREEMENT

This Subcontractor Payroll Tax Liability Indemnity Agreement (the "Agreement") is entered into this _____ day of _____, 20_____, by and between:

Contractor: _____, with a principal place of business at _____, and

Subcontractor: _____, with a principal place of business at _____.

RECITALS

WHEREAS, Contractor and Subcontractor have entered into a certain prime agreement, subcontract, or service agreement dated _____, 20_____ (the "Underlying Agreement"), pursuant to which Subcontractor agrees to perform certain services for or on behalf of Contractor; and

WHEREAS, Subcontractor acts as an independent contractor in the performance of such services and employs or retains individuals to perform the work under the Underlying Agreement; and

WHEREAS, Contractor requires, and Subcontractor agrees, that Subcontractor shall remain solely responsible for any and all payroll, employment, withholding, and other tax liabilities associated with Subcontractor's personnel, and that Subcontractor shall fully indemnify Contractor against any claims, losses, or liabilities arising therefrom.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. INDEPENDENT CONTRACTOR STATUS

Subcontractor acknowledges and agrees that its relationship with Contractor is solely that of an independent contractor. Nothing in this Agreement or the Underlying Agreement shall be construed to create an employer-employee, partnership, or joint venture relationship between Contractor and Subcontractor, or between Contractor and any employee, agent, representative, or subcontractor of Subcontractor (collectively, "Subcontractor Personnel").

2. TAX COMPLIANCE RESPONSIBILITIES

Subcontractor shall be solely and exclusively responsible for:

- a. The reporting and payment of all federal, state, and local taxes, including but not limited to income tax withholding, Federal Insurance Contributions Act (FICA) taxes, Federal Unemployment Tax Act (FUTA) taxes, State Unemployment Tax Act (SUTA) taxes, social security, Medicare, disability, and any other payroll-related taxes or assessments associated with compensation paid to Subcontractor Personnel.
- b. Compliance with all workers' compensation laws, insurance requirements, and employer obligations under applicable local, state, and federal laws.

3. INDEMNIFICATION

Subcontractor hereby agrees to indemnify, defend (with counsel reasonably acceptable to Contractor), and hold harmless Contractor, its affiliates, officers, directors, employees, agents, successors, and assigns (collectively, the "Indemnified Parties") from and against any and all claims, demands, liabilities, assessments, deficiencies, losses, damages, fines, penalties, interest, costs, and expenses (including reasonable attorneys' fees and administrative costs) arising out of or in connection with:

- a. Any failure by Subcontractor to withhold, report, pay, or deposit any federal, state, or local income taxes, payroll taxes, social security taxes, unemployment taxes, or other employee-related taxes for any Subcontractor Personnel.
- b. Any determination by a court, administrative agency, or taxing authority (such as the Internal Revenue Service or state

department of revenue) that any Subcontractor Personnel are employees of Contractor, including any retroactively assessed tax liabilities, contributions, penalties, or interest.

4. PROOF OF COMPLIANCE

Upon request by Contractor, Subcontractor shall promptly provide written evidence of tax compliance, including but not limited to copies of filed quarterly tax returns, proof of payroll tax deposits, workers' compensation insurance certificates, and documentation verifying the status of Subcontractor Personnel as independent contractors or employees of Subcontractor.

5. NOTICE AND COOPERATION

Contractor shall notify Subcontractor in writing within a reasonable time after becoming aware of any claim, audit, or proceeding initiated by a taxing authority or third party that may give rise to a claim for indemnification under this Agreement. Subcontractor shall fully cooperate with Contractor in the defense or resolution of any such audit, inquiry, or claim.

6. RIGHT TO WITHHOLD

In the event Contractor has reasonable grounds to believe Subcontractor has failed to comply with its tax obligations under this Agreement, Contractor reserves the right, after giving written notice to Subcontractor, to withhold from any payments due to Subcontractor under the Underlying Agreement such sums as Contractor reasonably estimates are necessary to cover any potential liability, until Subcontractor provides satisfactory proof of payment or compliance.

7. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by, and construed in accordance with, the laws of the State of _____, without regard to its conflict of laws principles. Any legal action or proceeding arising under this Agreement shall be brought exclusively in the courts located in _____.

8. ENTIRE AGREEMENT; AMENDMENT

This Agreement constitutes the entire agreement between the parties regarding the subject matter hereof and supersedes all prior or contemporaneous discussions, agreements, or understandings, whether written or oral. This Agreement may not be amended except by a written instrument signed by authorized representatives of both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Subcontractor Payroll Tax Liability Indemnity Agreement as of the date first written above.

CONTRACTOR:

Authorized Signature

Printed Name

Title

Date

SUBCONTRACTOR:

Authorized Signature

Printed Name

Title

Date